

## FAST FACTS

- \* When you use a credit or charge card to check into a hotel or rent a car, the estimated amount of the transaction usually is "blocked" from your credit line immediately.
- \* When renting hotel rooms or cars, ask clerks how much is being blocked on your credit card to avoid potential problems.
- \* In some cases, the amount blocked from your credit line may remain for 10 to 15 days.
- \* If you choose to pay your bill with the original credit card, the block is usually removed within a day or two.
- \* When selecting a credit card, ask the card issuer how long credit lines are blocked for these transactions
- \* If you pay your bill with a different credit card or cash, ask the clerk to release the block.

Have you ever presented your credit or charge card to a store clerk and been surprised when told you were over your credit limit? If this happened soon after you stayed at a hotel or motel or rented a car, the problem may have been caused by credit card "blocking."

## HOW CREDIT CARD BLOCKING WORKS

When you use a credit or charge card to check into a hotel or motel or to rent a car, the clerk usually contacts your card issuer electronically with the estimated cost. If the card issuer approves the transaction, your available line of credit is reduced by this amount. This is called a "block" (or "authorization").

For example, suppose you use a credit card to check into a \$100-a-night hotel for five nights. At least \$500 would most likely be blocked on that card. In addition, hotel and car rental companies sometimes add anticipated "incidental" costs for such things as food, beverages, or gasoline. These amounts can vary widely among merchants.

If you pay your bill with the same credit card you used at the beginning of the transaction, the final actual charge probably will replace the block within a day or two.

If, however, you use a different credit card, cash, or a check to pay for these services, the company that issued the credit card you originally presented might keep the block on for as long as 15 days after you've checked out of the hotel or returned the car.

This delay occurs because the first card issuer does not receive notice of the final charge and, therefore, is not aware that the transaction has been completed. Most card issuers program their computers to retain all blocks that have not been replaced by final charges for a specific number of days.

Issuers often choose a 10 or 15-day period because it is longer than most hotel stays and car rentals. Holding blocks for this long ensures that card holders do not use their entire credit limit before checking out of the hotel or returning their rental car, leaving the hotel or rental car company unpaid. The number of days that blocks are retained varies widely among card issuers.

## WHY CREDIT CARD BLOCKING CAN BE A PROBLEM

Consumers who are far below their credit limit probably will not be affected by credit card blocking. But for consumers with charges close to their credit limit, credit card blocking can present problems. For example, consumers who need to use their cards for

emergencies may find that, because of this temporary block, they have no credit left to use.

Those consumers who pay for their room or rental car with cash, a check, or a different credit card also may have problems. They may find that they do not have access to the amount of the block for 10 or 15 days, even though they already have paid the bill in full.

## HOW TO PROTECT YOURSELF

If you do not want the aggravation that blocking can cause, you may want to:

- \* Consider paying for all hotel, motel, or rental car expenses with the same credit card you used at the beginning of the transaction.
- \* When you check into a hotel or pick up a rental car, ask clerks how much is being blocked on your credit line and how that amount was determined.
- \* If you pay with a different credit card or cash, ask the clerk to remove the block.

In addition, when selecting among credit cards, ask credit card issuers how long credit lines are blocked for transactions involving hotels, motels, and rental cars. You may wish to choose an issuer that removes blocks more quickly.

## FOR MORE INFORMATION

If you have questions or concerns about credit card blocking, write: Credit Card Blocking, Correspondence Branch, Federal Trade Commission, Washington, DC 20580. These comments help the FTC in its law enforcement efforts.

\* \* \* \* \*

The Indiana Department of Financial Institutions,  
Division of Consumer Credit has many other  
credit related brochures available, such as:

Answers to Credit Problems  
Applying for Credit  
At Home Shopping Rights  
Bankruptcy Facts  
Buried in Debt  
Car Financing Scams  
Charge Card Fraud  
Choosing A Credit Card  
Co-Signing  
Credit and Divorce  
Credit and Older Consumers  
Deep in Debt?  
Equal Credit Opportunity  
Fair Credit Reporting  
Fair Debt Collection  
Gold Cards  
Hang up on Fraud  
High Rate Mortgages  
Home Equity Credit Lines  
How to Avoid Bankruptcy  
Indiana Uniform Consumer Credit Code  
Look Before you Lease  
Mortgage Loans  
Repossession  
Reverse Mortgage Loans  
Rule of 78s – What is it?  
Scoring for Credit  
Shopping for Credit  
Using Credit Cards  
Variable Rate Credit  
What is a Budget?  
What is the DFI?

Call our toll-free number or write to the address on the  
cover for a copy of any of the brochures listed or for  
further consumer credit information.



DEPARTMENT OF FINANCIAL INSTITUTIONS  
Consumer Credit Division  
30 South Meridian Street, Suite 300  
Indianapolis, Indiana 46204

# CREDIT CARD BLOCKING



## DEPARTMENT OF FINANCIAL INSTITUTIONS

Consumer Credit Division  
30 South Meridian Street, Suite 300  
Indianapolis, Indiana 46204  
317-232-3955  
1-800-382-4880

